

February 7, 2006

Hearing Officer  
The Dairy Marketing Branch, CDFA  
1220 N Street  
Sacramento, CA 95814  
Email: dairy@cdfa.ca.gov  
Fax: 916-654-0867

Dear Mr. Hearing Officer:

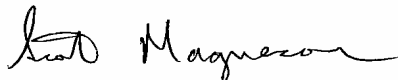
The following is a post-hearing brief from the January 31, 2006 CDFA hearing submitted by the California Dairy Campaign.

The attached table was used to produce the chart included with the written testimony CDC presented at the January 31 hearing. As is indicted, the assumptions are listed at the top. The full table begins with data from 1999 and shows the accumulated net income as of May 02 is \$15,052. Twenty cents was deducted from the blend price in order to track the majority of producers. The pool report showed that 50 percent of the producers have less than 20 percent quota and the deduction was made to reflect that fact.

We would also like to elaborate on the question posed by Donald Shippelhoute regarding the role of transportation allowances to compensate producers that ship to a higher class, but receive a pool blend price that is the same as all other producers. As stated at the hearing, CDC does support the concept of pooling and we understand that at this time some allowance is necessary to offset the transportation cost. Our concern is that by increasing the allowance we will eliminate any incentive for plants to locate closer to the milk supply or for the plants to pay the added cost to move milk to their processing facilities. Because there is no incentive for plants to locate near the milk supply, dairymen will be forced to pay higher and higher transportation costs year after year. We would like to point out that class 1 is not the only higher valued class. At times, class 4b is substantially higher than class 4a and yet there is no transportation allowance to move milk to class 4b plants. The plants must pay any additional costs necessary to attract milk. We feel that the market is paying the freight costs for some classes of milk and so it should be able to pay these costs for all classes.

We appreciate the opportunity to submit a post hearing brief and look forward to working with CDFA on these and other issues affecting dairy producers throughout the state.

Sincerely,



Scott Magneson  
California Dairy Campaign  
2081 Geer Road, Suite D  
Turlock, CA 95381  
Phone: 209-632-0885

600 Average Herd Size (# cows)  
 60 Average Production per Cow/Day  
 360 Average CWTs. per Herd per Day  
 0.2 Less Blend

Month Yr	Blend	COP	Difference	Accumulated	Monthly		
				Gain or Loss	Net Income	Income	Expense
May 02	10.78	12.80	-2.02	15,052	-\$22,543	120,305	142,848
Jun 02	10.23	12.80	-2.57	-12,704	-\$27,756	110,484	138,240
Jul 02	9.88	13.18	-3.30	-49,532	-\$36,828	110,261	147,089
Aug 02	10.15	13.18	-3.03	-83,347	-\$33,815	113,274	147,089
Sep 02	10.29	13.28	-2.99	-115,639	-\$32,292	111,132	143,424
Oct 02	10.66	13.28	-2.62	-144,878	-\$29,239	118,966	148,205
Nov 02	10.38	12.98	-2.60	-172,958	-\$28,080	112,104	140,184
Dec 02	10.45	12.98	-2.53	-201,193	-\$28,235	116,622	144,857
Jan 03	10.31	12.91	-2.60	-230,209	-\$29,016	115,060	144,076
Feb 03	9.96	12.91	-2.95	-259,945	-\$29,736	100,397	130,133
Mar 03	9.74	12.52	-2.78	-290,970	-\$31,025	108,698	139,723
Apr 03	9.78	12.52	-2.74	-320,562	-\$29,592	105,624	135,216
May 03	9.76	12.69	-2.93	-353,261	-\$32,699	108,922	141,620
Jun 03	9.76	12.69	-2.93	-384,905	-\$31,644	105,408	137,052
Jul 03	11.29	13.09	-1.80	-404,993	-\$20,088	125,996	146,084
Aug 03	12.56	13.09	-0.53	-410,908	-\$5,915	140,170	146,084
Sep 03	13.09	13.14	-0.05	-411,448	-\$540	141,372	141,912
Oct 03	13.31	13.14	0.17	-409,550	\$1,897	148,540	146,642
Nov 03	12.59	12.77	-0.18	-411,494	-\$1,944	135,972	137,916
Dec 03	12.17	12.77	-0.60	-418,190	-\$6,696	135,817	142,513
Jan 04	11.76	12.98	-1.22	-431,806	-\$13,615	131,242	144,857
Feb 04	12.37	13.06	-0.69	-439,009	-\$7,204	129,143	136,346
Mar 04	14.41	12.77	1.64	-420,707	\$18,302	160,816	142,513
Apr 04	17.11	12.91	4.20	-375,347	\$45,360	184,788	139,428
May 04	17.46	13.04	4.42	-326,020	\$49,327	194,854	145,526
Jun 04	16.19	13.32	2.87	-295,024	\$30,996	174,852	143,856
Jul 04	13.70	13.01	0.69	-287,323	\$7,700	152,892	145,192
Aug 04	13.47	13.20	0.27	-284,310	\$3,013	150,325	147,312
Sep 04	14.10	13.34	0.76	-276,102	\$8,208	152,280	144,072
Oct 04	13.85	13.29	0.56	-269,852	\$6,250	154,566	148,316
Nov 04	15.02	13.77	1.25	-256,352	\$13,500	162,216	148,716
Dec 04	15.02	13.59	1.43	-240,394	\$15,959	167,623	151,664
Jan 05	14.73	13.36	1.37	-225,104	\$15,289	164,387	149,098
Feb 05	14.01	13.69	0.32	-221,879	\$3,226	141,221	137,995
Mar 05	13.87	12.92	0.95	-211,277	\$10,602	154,789	144,187
Apr 05	13.91	13.12	0.79	-202,745	\$8,532	150,228	141,696
May 05	13.32	13.02	0.30	-199,397	\$3,348	148,651	145,303
Jun 05	13.22	13.22	0.00	-199,397	\$0	142,776	142,776
Jul 05	13.63	13.53	0.10	-198,281	\$1,116	152,111	150,995
Aug 05	13.31	13.57	-0.26	-201,182	-\$2,902	148,540	151,441
Sep 05	14.15	13.91	0.24	-198,590	\$2,592	152,820	150,228